

# No budget boost for health as

Sam Coates Deputy Political Editor

Philip Hammond said yesterday that there would be no new money for the NHS in Wednesday's budget, facing down pressure from Labour and brandishing his credentials as a fiscal conservative.

The chancellor insisted that there would be "no spending sprees" as he promised to put more cash into social care alongside a wide-ranging review, but made it clear that he was not contemplating extra cash for the NHS.

Mr Hammond challenged the service to deliver on reform, saying that he believed only a minority of trusts were experiencing severe financial difficulties. He told the BBC: "There are many examples around the country of extremely good working between the NHS and social care authorities. Just 24 local authorities account for 50 per cent of all the delayed discharges from the NHS. So it's about good practice as well as about budgets."

The comments appear to put the chancellor at odds with Simon Stevens, the chief executive of NHS England. In front of MPs on the public accounts committee last month, Mr Stevens said that the NHS got "less than we asked for" from the government. "If you look at France, Germany, the Netherlands, Switzerland, we are spending substantially less. We are spending 30 per cent less per person on the health service than the Germans," Mr Stevens said.

Treasury ministers believe that Mr Stevens must deliver on NHS reforms promised before the last election. Mr Stevens is understood to believe that the NHS got what it needs this year — a £3.8 billion increase to take NHS England's budget to £106 billion — but less than it wanted for the next three.

In 2015 he negotiated a deal for a big increase to the budget in 2016-17 and 2020 but less for the intervening period. By 2020 NHS England has been promised an extra £8 billion a year. Jeremy Hunt, the health secretary, is not thought to have put in a formal request for more money at this year's budget.

Mr Hammond is using his first budget to make clear that he and Theresa May are fiscal hawks, keen to bring down the deficit when possible while maintaining headroom in case there are complications with Brexit.

Labour say that the chancellor should be using some of this reserve to put more money into the NHS.

John McDonnell, the shadow chancellor, said that independent estimates

## Vocational training shake-up

A bonfire of qualifications could take place after substantial reforms to further education, designed to boost vocational skills after Brexit (Nicola Woolcock writes).

The new T levels — T standing for technical — will be introduced in autumn next year to improve the reputation of work-based qualifications among employers. They will be announced by the chancellor in his budget on Wednesday.

At the moment there are 13,000 vocational qualifications. Many of these could disappear in what is billed as the biggest reform to education for those aged 15 to 19 since A levels were introduced nearly 70 years ago.

Ministers want the T levels to be trusted by parents and employers. Previous attempts to convince middle-class families to allow their children to take vocational qualifications have foundered. Diplomas were introduced ten years ago by Ed Balls, then education secretary. He suggested that they could replace A levels. However only one still exists, in engineering.

The T levels will be graded like A levels and take two years to complete, encompassing basic skills in the first year and specialisms in the second, with a three-month industry placement.

From 2022 they will be available in 15 subjects including catering, construction and digital technology. Three will be piloted from September next year and once they are fully operational a budget of £5 million a year will support them.

Employers are working alongside the Department for Education to develop T levels and they are based on a review into technical education chaired by Lord Sainsbury of Turville. The CBI said that businesses were delighted.

Ken Spours, of University College London's centre for post-14 education, warned that the government did not have a good record in creating vocational qualifications.

"In some sectors, new units could be added to existing qualifications — we don't have to turn the world upside down for this," he said.

put the extra money needed for the NHS and social care at between £8 billion and £12 billion. He called on the chancellor to use some of his "war chest" — which reports suggest could be as high as £60 billion — to pay for the higher spending now. "The crisis is here now in our social care and NHS," Mr McDonnell said.

Unusually, Mr Hammond will have a second budget in the autumn as he moves the main fiscal event to the second half of the year. Whitehall sources have suggested much bigger reforms may be announced then, with an overhaul of self-employed taxation, elderly care and a look at whether the taxation of diesel cars might change.

The chancellor denounced as "reckless" calls for him to open the spending taps. He told the BBC that he would not spend the proceeds of higher growth. The government needed to make sure "that we've got reserves in the tank, so as we embark on the journey that we'll be taking over the next couple of years we are confident that we've got enough gas in the tank to see us through that journey, and that seems the sensible way to approach things," he said.

Mr Hammond is likely to announce a sharp upgrade to this year's economic forecasts and an increase in his £27 billion "cushion" in the final year of the parliament, seen as a "war chest" in case of Brexit problems.

Allan Monks, an economist at JP Morgan, said the Office for Budget Responsibility was set to increase its 2017 growth forecast close to 1.9 per cent, from the 1.4 per cent it predicted in November in a post-Brexit downgrade.

Its autumn statement also saw it slash its GDP forecasts from 2.1 per cent to 1.7 per cent in 2018, but maintain its outlook of 2.1 per cent growth in 2019 and 2020, before slipping to 2 per cent in 2021.

Mr Monks said data suggested that borrowing was on course to undershoot the existing 2016-17 projection of £68 billion by at least £10 billion. This downgrade to about £58 billion is expected to be followed by a cut to 2017-18 borrowing from £59 billion to about £50 billion, he added.

Yesterday Mr Hammond stressed that there was no "additional money" from expected higher growth numbers likely to be announced by the OBR on Wednesday. The national debt is running over £1.7 trillion, with annual interest payments costing £50 billion.

Matt Ridley, page 17  
Leading article, page 21



Philip Hammond used a TV appearance to warn there would be no NHS bailout



despite protests from thousands of nurses this weekend leaving Theresa May, with her husband Philip, in the line of fire

# Cash incentive 'would drive owners to less polluting cars'

Ben Webster Environment Editor

Almost half of drivers would be likely to change their car for a less polluting model if offered a government-backed financial incentive to lower the cost, a survey has found.

A scrappage scheme or tax-based incentive would make 45 per cent of drivers consider switching cars: 13 per cent were very likely to do so and 32 per cent fairly likely, according to the YouGov survey of 1,740 adults commissioned by Friends of the Earth.

The survey suggests that some form of publicly funded incentive would be popular and it will increase the pressure on Philip Hammond to propose something in the budget on Wednesday.

The survey asked: "If there was a government-backed programme providing some financial assistance (eg a scrap page scheme for more polluting vehi-

cles or tax incentives for cleaner vehicles), how likely or unlikely are you to change your car to a less polluting, electric or hybrid car?" A total of 34 per cent said that they were unlikely to switch and 20 per cent that they did not know.

A coalition of business leaders, doctors, taxi drivers and environmental groups wrote to the chancellor last week urging him to offer cash incentives to drive diesels off the road.

The letter, signed by Greenpeace, the Licensed Taxi Drivers' Association, the Federation of Small Businesses, the British Vehicle Rental and Leasing Association and the campaign group Doctors Against Diesel, also called for road tax to be further reformed.

Oliver Hayes, Friends of the Earth air pollution campaigner, said: "It's time for the chancellor to lift the fog of inaction on Britain's filthy air with tough government measures on dirty diesel."

# Tax avoidance nearly ruined me, says Carr

Dominic Kennedy

Jimmy Carr has admitted that his career as a comedian nearly ended when he was exposed for aggressive tax avoidance by *The Times*.

Carr was challenged by Kirsty Young on *Desert Island Discs* yesterday about his use of a method that she said, while not illegal, "by many people's estimation ... was immoral".

The comedian, who lampooned "blood-hungry amoral tax lawyers" for a satire show on TV, was reported by *The Times* on its front page in June 2012 to have sheltered £3.3 million in a Jersey-based scheme.

He told the Radio 4 programme: "When you are in the middle of that, OK could this be your career-ender? Could this be something where, OK, he is involved in a thing and now he is not on TV any more, now he doesn't sell tickets any more."

He said that losing his career had been "the worst-case scenario". Carr,



Jimmy Carr sheltered £3.3 million in a Jersey scheme, *The Times* reported

44, who became the focus of politicians' attacks on tax avoiders, said that he had not made a joke out of his exposure, but had composed an apologetic statement. "If the prime minister of the country that you live in breaks off from the G20 summit in Mexico, he's meeting with the 90 most important people in the world, and he comes out and makes a press statement about your tax affairs, it needs dealing with right now.

"I wrote the statement. I got advice from friends but most of the advice was 'You just keep quiet, this will go away in a couple of days' but as soon as the prime minister comments on something like that, you have got to go out ... and also you need to own up.

"Sometimes when footballers are involved in these things people kind of go he probably didn't know what was going on and he got advice.

"I don't think anyone was buying that line with me. People thought he probably knew what he was doing ... and I think I said in the statement if someone comes to you and says do you want to pay less tax, this is totally legal, you can do this and if it ever comes up you just have to pay them, you go yeah, fine, great. In the end you make good, you have to go back and say right I will pay every penny of tax that I ever owed."

He also said that he had left his marketing job to become a stand-up after feeling "miserable" with his life. "I like talking about being sad. I was sad at that stage," he said.

oped Dwellings (ATED) in 2013. The tax applies to homes worth £500,000 or more.

There is also a stamp duty rate of 15 per cent on the purchase of such "enveloped" homes, compared with 5 per cent for a standard home costing £500,000. Total tax take for all properties worth more than £1 million covered by the scheme is £178 million.

Naomi Heaton, chief executive of the property company London Central Portfolio, said: "It may not be comprehensible to the average person but for people coming here, particularly from certain countries, having people not



One Hyde Park, a haven for the wealthy

knowing about your wealth is the most important thing."

The "mansion tax" has been far more successful than the Treasury hoped. A total of 5,730 properties are liable for ATED. Half the money raised comes from the City of Westminster. Most of the rest, 28 per cent, is from Kensington & Chelsea. The borough of Camden provides 3 per cent and Barnet 2 per cent. Nearly 90 per cent of the money comes from London and almost all the rest from the southeast, with 1 per cent from the southwest and the entire rest of Britain counting for 1 per cent.

The tax has been extended down from properties worth £1 million or more to include those worth £500,000.

The National Crime Agency is concerned that the system of owning properties through an offshore company could be used to launder the proceeds of crime.

# Clunes claimed for cosmetic surgery

Dominic Kennedy

The actor Martin Clunes has failed to persuade a judge to keep secret the fact that he resorted to cosmetic treatment to improve his appearance.

A tax tribunal said it would need to decide whether the unidentified procedure amounted to a necessary tool for his actor's trade, and so deductible for tax purposes, or a "vain indulgence".

Clunes wanted a private hearing so the public would be unaware that he had altered his looks. He argued that it would be like a magician telling his audience how he performed his tricks.

He claimed for the procedure against his earnings in 2012-13 but HMRC disagreed that the expense was incurred "exclusively for the purposes of the trade". The actor's representatives urged



Clunes claimed for the procedure on his tax return

the tribunal not to disclose Clunes's identity.

Summarising the actor's case, Judge Colin Bishopp stated that although Clunes had accepted that there was public interest in whether cosmetic treatment he had paid for was tax deductible, "the same considerations would apply whoever the actor might be".

The public's understanding would "not be enhanced by learning that Mr Clunes is the actor in question, nor impaired if his identity is concealed. If, however, his identity is revealed he might become the target of mockery and, more importantly, his public perception, or what might be described as

his celebrity persona, will be damaged".

Dave Morrison, Clunes's accountant, noted that "fans like to retain a certain image of actors and others they admire, an interest which Mr Clunes has a legitimate interest in maintaining".

The expense related to treatment "about which, because of its very nature, Mr Clunes felt sensitive".

The judge rejected the request for him to remain anonymous hearing.

Adding to the intrigue, the judge said: "It is entirely possible that expense of the kind in issue here might be incurred by actor A for undeniable qualifying reasons, while the same expense incurred by actor B could only be described as a vain indulgence ..."

The public interest in the outcome of tax litigation outweighed a taxpayer's desire for anonymity. "The inevitable intrusion into matters which might otherwise remain confidential is the price which must be paid for open justice, however unpalatable the individual taxpayer might find it to be."

# Corbyn's call for chancellor to publish returns backfires

Henry Zeffman

An attempt by Jeremy Corbyn to put pressure on Philip Hammond to publish his tax returns backfired last night because of an apparent anomaly in the Labour leader's own declaration.

Mr Corbyn published his return in the hope that the chancellor and leading government figures would follow suit before the budget on Wednesday.

The document for the 2015-16 tax year was placed on his constituency website and he said: "I have made it clear that I think it is right for party leaders to be open and transparent about their tax arrangements."

It revealed a total income of £114,342 on which he paid £35,298 in tax. As leader of the opposition, Mr Corbyn was entitled to an extra £62,440 on top of an MP's basic pay. Since he only became leader of the opposition mid-

way through the tax year, he would have been entitled to a pro-rata sum. However, such a source of income was not recorded. It is unclear if he claimed the money but Mr Corbyn has never said that wouldn't. His spokesman said the return had been prepared by accountants who were given all relevant information.

It is not the first time Mr Corbyn's tax affairs have caused him problems. During the fallout from the Panama Papers controversy last year, Mr Corbyn published a previous tax return, which showed that he had incurred a £100 fine for filing it a week after the deadline.

The Chancellor rejected calls to do the same. "I have no intention of doing so," he said. "Just for the record my tax affairs are all perfectly regular and up to date. But I think this demonstration politics isn't helping the atmosphere in British politics."